

AMENDED

ARIZONA STATE SENATE
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TO: MEMBERS OF THE SENATE

DATE: February 22, 2016

SUBJECT: Strike everything amendment to S.B. 1438, relating to software; computer system; sale; lease

Purpose

Permits the Arizona Department of Education (ADE) to sell or lease software, computer systems, associated services and intellectual property and deposit 60 percent of proceeds in the state General Fund (GF).

Background

The Student Accountability Information System (SAIS) was established to enable school districts, joint technical education districts and charter schools to transmit student level data and school finance data electronically to ADE for the purpose of complying with the statutory obligations of ADE and the State Board of Education (A.R.S. § 15-1041). ADE is currently in the process of transitioning from SAIS to the Arizona Education Data Standards (AzEDS) and the Arizona Education Learning Accountability System. According to ADE, AzEDS will standardize data elements across systems, automate the majority of reporting and provide near real-time student data through AzDASH. By July 1, 2016, all local education agencies will submit data via AzEDS. SAIS will continue to be available until it is retired in FY 2020. The development of an education learning and accountability system is subject to appropriation of state monies, or receipt of federal monies, private donations or grants from any lawful public or private source.

Unless specifically authorized by law, statute prohibits a state agency from competing with private enterprise including the manufacturing, processing, sale, rental or leasing of goods or services to the public that are also offered by private enterprise (A.R.S. § 41-2752).

There may be a positive fiscal impact to the state GF associated with this legislation as a result of ADE depositing 60 percent of the profit from the sale or lease of software and services.

Provisions

1. Establishes the ADE Intellectual Property Fund (Fund) to be administered by ADE.
2. Requires ADE, subject to legislative appropriation, to utilize the Fund to maintain, administer and develop the education learning and accountability system.

3. Stipulates the sale or lease of software, computer systems or intellectual property developed by ADE, including associated services, is exempt from the prohibition on competition with private enterprise.
4. Prohibits ADE from transferring or expending money or resources to market or solicit software, computer systems, intellectual property and associated services.
5. Requires ADE to deposit 60 percent of the profit generated by the sale or lease of software, computer systems or intellectual property, including associated services, into the state GF and allows the remaining 40 percent to be deposited into the Fund.
6. Defines *profit* as any monies generated from the sale or lease of goods and services after accounting for the costs provided by this state including appropriations from the state GF.
7. Makes technical and conforming changes.
8. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Adopted the strike-everything amendment.
2. Stipulates ADE may not use resources to market goods or services.

Senate Action

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| GOV | 2/17/16 | DP | 7-0-0 |
| ED | 2/18/16 | DPA/SE | 7-0-0 |

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